GENTRA

1999 ANNUAL REPORT

Value Proposition

A Member of the Brookfield Group

Financial Highlights

thousands (except per share information)	1999	1998
Portfolio of Commercial Properties		
Book value	**$ 1,074,399**	$ 891,104
Net rentable area (square feet)	**10,875**	10,164
Results of Operations		
Revenues	**$ 237,696**	$ 217,365
Cash flow from operations	**$ 109,901**	$ 106,550
Net income	**$ 61,736**	$ 54,069
Financial Position		
Total assets	**$ 1,601,003**	$ 1,393,382
Shareholders' equity		
Preferred equity	**$ 381,743**	$ 381,743
Common equity	**$ 597,248**	$ 641,593
Debt to total capitalization	**35%**	22%
Per Fully Diluted Common Share		
Cash flow from operations	**$ 2.50**	$ 2.20
Net income	**$ 1.19**	$ 0.89
Book value	**$ 17.48**	$ 15.99

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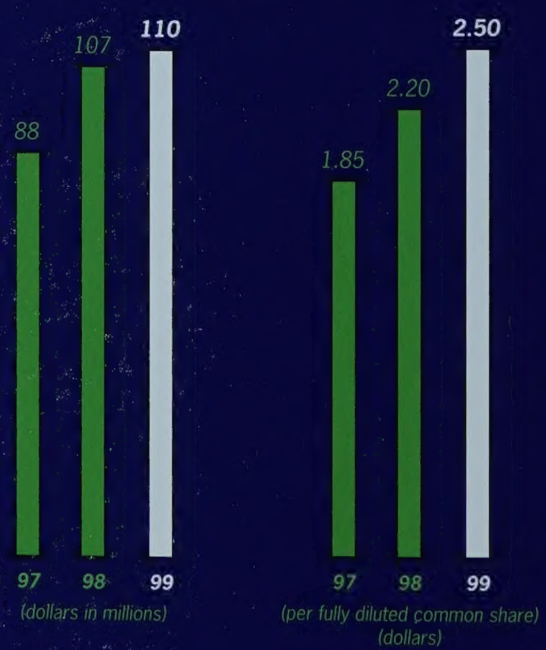
CASH FLOW FROM OPERATIONS



Quality Portfolio

+

Financial Strength

+

Growth Opportunities

=

Value Proposition

Gentra is a real estate investment company focused on growth through the acquisition, ownership and management of quality commercial real estate properties with superior income or value enhancement potential. In doing so, we continue the growth of a high quality stream of cash flow for shareholders.

To Our Shareholders

We look back on 1999 with both satisfaction and frustration. The year was very strong operationally, however, despite performing better than average when compared with other real estate stocks, our stock performance was clearly unrewarding.

Strong Operating Performance

The fundamentals of the commercial property business remained strong throughout 1999. Vacancy rates in our markets remained at their lowest levels in over 10 years and rental rates remained firm as virtually no new supply has been added in these markets.

A 14% increase in cash flow per share was achieved increasing to $2.50 compared with $2.20 for 1998. These results demonstrate the strength and quality of earnings from our premier commercial real estate portfolio and provide us with a solid foundation for growth.

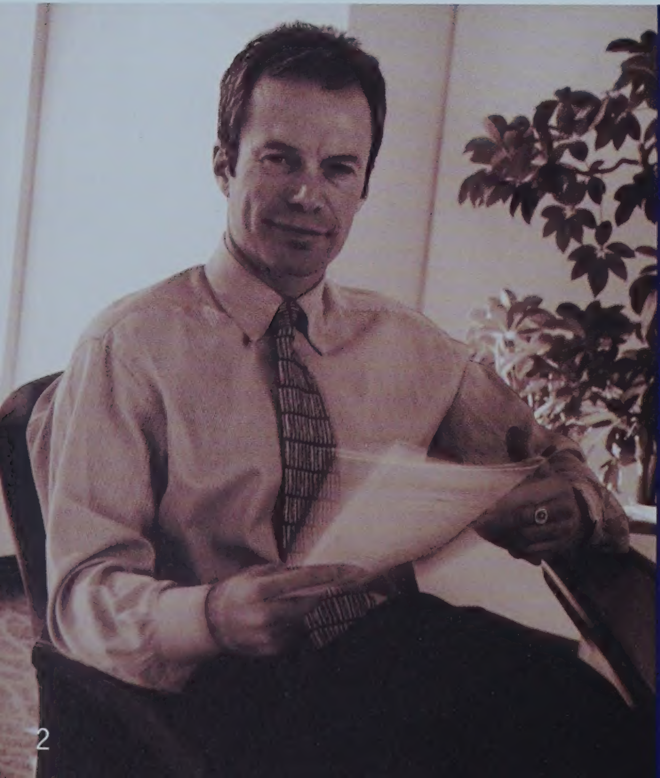
During the year the Company added to its portfolio of high quality properties with the acquisition of five properties, the most significant of which is Sevenoaks Shopping Centre, a 554,000 square foot regional shopping centre near Vancouver, and the remaining 20% interest in Fifth Avenue Place in Calgary.

Gentra explored several significant acquisition opportunities through 1999. However, the ultimate prices paid would have made it impossible to meet our return targets. Despite this, these events were positive for the real estate industry as they reinforced the strength and the value of our own portfolio.

In 1999, the Company disposed of non-core assets including properties and loans receivable for gross proceeds totaling $236 million. Disposition decisions were implemented following completion of redevelopment and leasing initiatives, maximizing the values of these assets prior to sale. Dispositions included our remaining retail properties in Quebec, a small office building in downtown Toronto and First Alberta Place in Calgary.

Financial Strength

Gentra benefits from a strong capital base, a low debt-to-total capitalization ratio and significant cash resources. Asset sales combined with the Company's increasing cash flow reinforce our financial position as one of the strongest in the industry. We will pursue new investments if they meet our investment parameters and if they provide positive long-term growth in asset value and cash flow.



In 1999, we achieved strong cash flows and an increase in shareholders' value through property acquisitions, redevelopment initiatives and share repurchases.

David D. Arthur *President and Chief Executive Officer*

Recapturing Shareholder Value

The share price at year end was $13.65. This was less than our book value and only 60% of the analysts' consensus of our net asset value. In view of our expectation of achieving cash flow growth, the cash flow multiple is currently only five times in 2000.

During 1999, 5.9 million common shares were repurchased at an average price of $14.41 per share. This share price represented a significant discount to their underlying value. We undertook these initiatives in response to continued weakness in share price and the opportunity to capitalize on a very attractive return to remaining shareholders.

On February 8, 2000, the Company acquired an additional 3.8 million common shares at $15 per share as part of a substantial issuer bid initiated on January 17, 2000.

The Road Ahead

The continuation of a strong economy and a lack of new supply will provide Gentra with benefits from a steady demand for office and retail space. The Company's strong financial position will be further enhanced as cash flow is generated from operations, non-core asset sales and new property financings. The focus will continue to be on increasing underlying asset values and cash flow per share.

The Company would again like to recognize the tremendous commitment it receives from its employees, tenants, customers and business associates. Going forward, Ms. Heather Reisman, Mr. Trevor Eyton and Mr. John Kelly are not standing for re-election to the Board of Directors. We wish to thank them for their valuable contribution.

We believe Gentra is uniquely positioned to meet the challenges as one of the premier owners of commercial properties in Canada. The value proposition for shareholders is significant.

On behalf of the Board,

David D. Arthur
President and Chief Executive Officer
February 17, 2000

Objectives vs Performance

- Continue as a financially strong, entrepreneurial, growth oriented company.
- Gentra has $1.5 billion in total capitalization and a 35% debt-to-capitalization ratio. Our financial strength and growth orientation are unique in the Canadian public real estate sector.

- Implement value enhancement strategies to increase long-term asset value.
- Redevelopment program completed at Queen's Quay Terminal and underway at Sheridan Centre, Londonderry and Sevenoaks.

- Selectively acquire premier office and retail properties.
- Acquired five quality properties and the remaining 20% interest in Fifth Avenue Place in Calgary for total acquisitions of $233 million.

- Finance unlevered real estate properties at favourable interest rates.
- Completed $250 million of new financings at a weighted average fixed rate of 6.9% with an average term of 11 years.

- Enhance cash flows from properties through maximizing net effective rents on lease renewals.
- Achieved a $2.75 increase in operating income per square foot on 1.2 million square feet of new and renewal leasing.

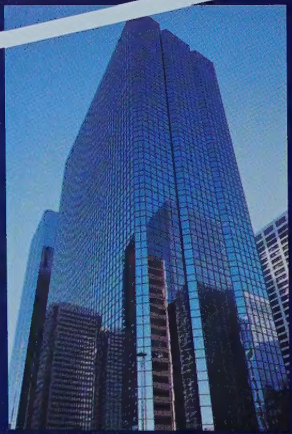
- Maximize value realized from the orderly monetization of the remaining portfolio of loans receivable.
- Collected $145 million of loans receivable.

Focused Strategy

1996

Exchange Tower
Downtown Toronto, Ontario

Gentra has significantly increased the quality and size of its commercial real estate portfolio during the past four years.



Fifth Avenue Place
Downtown Calgary, Alberta

1997

Bramalea City Centre
Brampton, Ontario

Gentra's portfolio is comprised of premier office and retail properties.

Queen's Quay Terminal
Downtown Toronto, Ontario

Book value of commercial properties
(millions of dollars)

1,200
1,000
800
600
400
200

$544
$657

Focused Growth

1998

$891

Petro-Canada Centre
Downtown Calgary,
Alberta

The portfolio includes office properties – 6.2 million square feet and retail properties – 4.7 million square feet.

Sheridan Mall
Mississauga, Ontario

1999

$1,074

Sevenoaks Shopping Centre
Abbotsford (Vancouver),
British Columbia

Roslyn Building
Downtown Calgary,
Alberta

West Oaks Shopping Centre
Abbotsford (Vancouver),
British Columbia

Quality Portfolio

Gentra's investment focus is in Toronto, Calgary and greater Vancouver.

OFFICE PROPERTIES *(l to r)*
Julian P. Aziz *Senior Vice President, Office Properties*
Tom F. Farley *Vice President, Office Properties, Calgary*
Scott E. Pennock *Vice President, Office Properties, Toronto*

RETAIL PROPERTIES *(l to r)*
Mauro Pambianchi *Senior Vice President, Retail Properties*
Tony Maduri *Vice President, Asset Management, Eastern*

Office Properties – Business Strategy

- *Gentra will invest in high quality properties located in major centres such as:*
  - → *Toronto*
  - → *Calgary*
  - → *Vancouver*
- *Quality investments are defined as:*
  - → *core downtown locations*
  - → *high quality construction*
  - → *tenants of superior credit quality*
- *Cluster strategy is pursued to obtain:*
  - → *leasing synergies*
  - → *management synergies*
- *Focus is on markets with significant barriers to entry:*
  - → *economic rents for new supply exceed market rents*
  - → *size of investment minimizes competition*
- *Expand tenant services to increase revenues:*
  - → *enhanced telecom*
  - → *other office services*
- *Attractive financial returns on new investments:*
  - → *attractive minimum return threshold in year one*
  - → *growth in cash flow and returns over the longer term*

- $1.1 billion of commercial properties, primarily premier office and retail properties
- 18 properties totaling 10.9 million square feet
- 8 properties total 8 million square feet and provide over 75% of total property net operating income

Retail Properties – Business Strategy

- *Gentra will invest in select retail properties:*
  - → *opportunistically*
  - → *in major urban areas*
- *Target investment attributes:*
  - → *redevelopment opportunities*
  - → *merchandising, repositioning potential*
- *Investment objective is to:*
  - → *acquire properties with upside potential*
  - → *implement strategies to increase value*
  - → *realize value over four years*

FIFTH AVENUE PLACE Downtown Calgary, Alberta

- Acquired 80% interest in 1996 and remaining 20% interest in 1999.
- Two-tower office complex totaling 1.5 million square feet.

- Major tenants include:
  - → Esso Canada – 476,000 square feet
  - → Renaissance Energy – 349,000 square feet
  - → Union Pacific Resources – 153,000 square feet

- Increased occupancy to 100% compared with 85% at acquisition.
- Average remaining lease term of 8 years.

Gentra's net rental income from properties increased 32% in 1999.

QUEEN'S QUAY TERMINAL *Downtown Toronto, Ontario*

- *Acquired in 1997 at $55 per square foot.*
- *Building systems upgrade and retail floor redevelopment completed in 1999.*
- *Signed leases with major office tenants –*
  - *→ CIT Group/Newcourt Credit – 147,000 square feet*
  - *→ Charles Schwab Canada – 35,000 square feet*
- *Increased occupancy to 89% compared with 70% at acquisition.*
- *Average remaining lease term of 7 years.*

Gentra's carrying value on its office portfolio is only $125 per square foot.

BRAMALEA CITY CENTRE *Brampton, Ontario*

- *Regional shopping centre is comprised of:*
  - → *shopping mall – 1,075,000 square feet*
  - → *office buildings – 73,000 square feet*
  - → *convenience centre – 22,000 square feet*
  - → *145 room Holiday Inn Select Hotel*
  - → *1,000 units of residential density*
- *Major tenants include:*
  - → *Sears – 157,000 square feet*
  - → *The Bay – 132,000 square feet*
  - → *Miracle Ultra Mart – 64,000 square feet*
- *Located in Brampton, one of the fastest growing urban areas in Canada.*
- *Sales per square foot are $380.*
- *Achieved 5% growth in retail sales per square foot in 1999.*

THE EXCHANGE TOWER *Downtown Toronto, Ontario*

- Acquired in 1996 for $139 million or $137 per square foot.
- Signed a 20-year lease with the Toronto Stock Exchange in the summer of 1997.
- Completed redevelopment and remerchandising of the retail concourse and lobby areas in 1998.
- Refinanced in 1999 with $140 million of mortgage bonds at a fixed rate of 6.83%, maturing in 2012.
- Increased occupancy to 96% compared with 85% at acquisition.
- Average remaining lease term is 8 years.

HSBC BUILDING *Downtown Toronto, Ontario*

- Construction completed in 1991.
- High quality construction.
- Excellent downtown core location.
- Major tenants include:
  - → Hongkong Bank – 48,000 square feet
  - → SEI Financial – 13,000 square feet
  - → Siebel Systems – 13,000 square feet
- Average remaining lease term of 6 years.
- 97% leased at December 1999.

Gentra's carrying value on its retail portfolio is only $98 per square foot.

LONDONDERRY MALL *Edmonton, Alberta*

- *Regional shopping mall totaling 769,000 square feet located in northeast Edmonton, the city's fastest growing area.*
- *Major tenants include:*
  - *→ Wal-Mart – 154,000 square feet*
  - *→ The Bay – 119,000 square feet*
  - *→ SportChek – 34,000 square feet*
- *Average remaining lease term of 9 years.*
- *Increased sales by 19% from acquisition to $331 per square foot.*

Gentra's investments in office and retail provide a diversified revenue base.

SEVENOAKS SHOPPING CENTRE *Abbotsford, British Columbia*

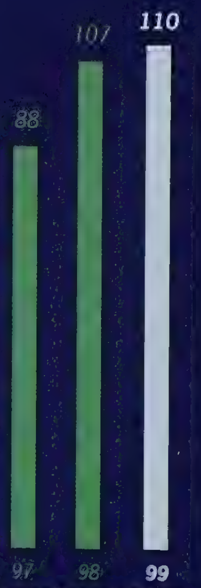
- *Regional shopping centre totaling 554,000 square feet acquired in October 1999.*
- *Located in Abbotsford, a rapidly growing community in the greater Vancouver area.*
- *Major tenants include:*
  - *→ Sears – 136,000 square feet*
  - *→ The Bay – 132,000 square feet*
  - *→ Extra Foods – 49,000 square feet*
- *86% leased at December 31, 1999.*
- *Average remaining lease term of 13 years.*
- *Sales per square foot of $411.*

PETRO-CANADA CENTRE *Downtown Calgary, Alberta*

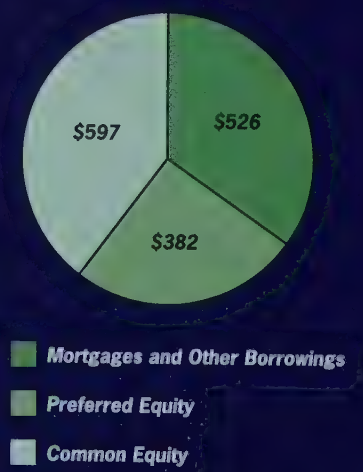
- *Acquired a 50% interest in December 1998.*
- *The largest office complex in Western Canada comprised of two towers totaling 2 million square feet.*
- *Petro-Canada worldwide head office*
- *Major tenants include:*
  - *Petro-Canada – 845,000 square feet*
  - *TransCanada PipeLines – 345,000 square feet*
  - *Precision Drilling – 117,000 square feet*
- *Financed with mortgage bonds at a fixed rate of 6.66%, maturing in 2008.*
- *Increased occupancy to 96% compared with 91% at acquisition.*
- *Average remaining lease term of 9 years.*

Financial Strength

Gentra has significant cash flow, a strong capital base and a low debt-to-capitalization ratio which provide superior growth opportunity without dilution to common shareholders.



Annual Cash Flow from Operations
(dollars in millions)



Capital Base
(dollars in millions)

Strategic Advantage

- *Cash resources provide liquidity for acquisitions:*
  - → *$164 million of cash at December 31, 1999*
  - → *$100+ million of cash generated from operations annually*
  - → *$105 million of cash available from credit facilities*
  - → *Dispositions of non-core assets provide additional liquidity*
- *Low debt-to-capitalization ratio provides significant acquisition capacity:*
  - → *$375 million in additional borrowing capacity on unlevered assets*
  - → *Substantial additional debt would only increase the debt-to-capitalization ratio to industry standards*

	1999
Capital Base Attributes	
Debt to total capitalization	35%
Debt to book equity	0.5:1
Capital base	$1.5 billion

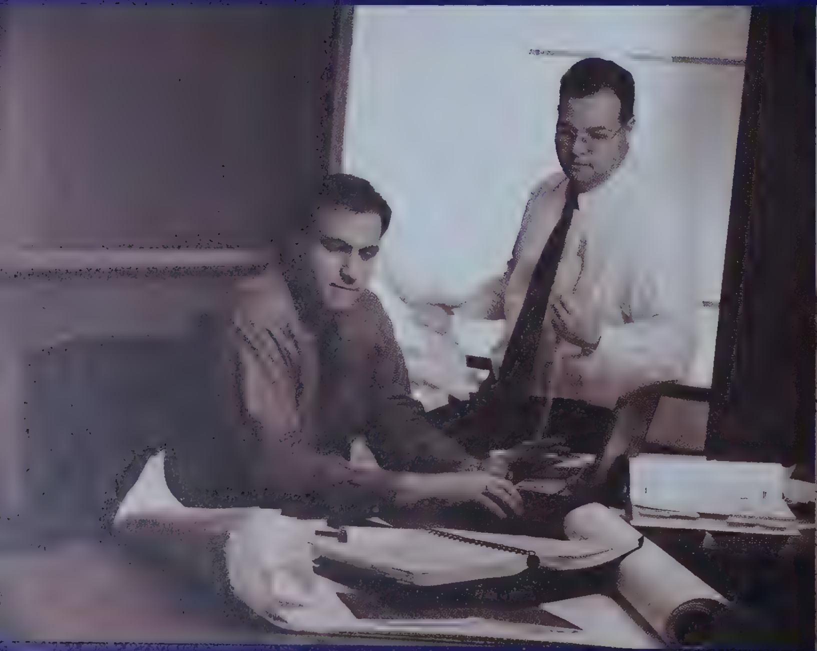
(l to r)
Seamus Foran *Vice President, Finance*
T. Nga Trinh *Vice President, Asset Management Analysis & Reporting*
Karen H. Weaver *Senior Vice President and Chief Financial Officer*

Capital Base

- *Mortgages and other borrowings:*
  - → *Mortgages totaling $526 million*
  - → *Weighted average interest rate of 7.6%*
  - → *Average maturity of nine years*
- *Preferred share equity:*
  - → *Perpetual capital totaling $382 million*
  - → *Enhances returns to common shareholders*
- *Common share equity:*
  - → *$597 million*
  - → *40% of capital base*

Growth Opportunities

Gentra is focused on value creation through redevelopment initiatives and acquisitions.



(l to r)
Brian C. Collyer
Senior Vice President, Business Development
Kieran F. Mulroy
Senior Vice President, General Counsel and Corporate Secretary

(l to r)
John D. Filipetti
Director, Development
Peter R. Doering
Vice President, Asset Management

Redevelopment

- *Value enhancement initiatives include:*
  - → *Repositioning properties through zoning changes*
  - → *Remerchandising the retail tenant mix in properties*
  - → *Re-leasing to meet demographic or consumer demand changes*
  - → *Acquiring and repositioning properties with redevelopment opportunities*
  - → *Upgrading building systems to attract higher quality tenants*
- *1997 projects:*
  - → *Place Portobello* – leased, remarketed, redeveloped interior, sold
  - → *Queen's Plate Plaza*, leased, completed exterior improvements, sold
  - → *Tower Hill Apartments*, completed building improvements, sold
  - → *Westney Heights Plaza*, leased, completed exterior improvements, to be sold
- *1998 projects:*
  - → *Malvern Town Centre* – leased, completed interior and exterior improvements, to be sold
  - → *Exchange Tower* – acquired, leased, completed retail renovations, financed
- *1999 projects:*
  - → *Queen's Quay Terminal* – acquired, redeveloped interior, leased
  - → *Metro East Trade Centre* – rezoned, preleased, to be sold
  - → *Bloor Street* – managed zoning change, option to acquire completed

- Gentra has an experienced team with a proven track record focused on retail redevelopment initiatives.
- Gentra is focused on acquisitions of premier office and retail properties.

Brad W. Allen *Vice President, Retail Development*
Marcelle L. Gilks *Vice President, Asset Management, Western*

Acquisitions

- *Gentra is well positioned to complete major acquisitions:*
  - → *Well capitalized*
  - → *Experienced in major property transactions*
  - → *Creative, flexible approach to deal structure*
  - → *Efficient due diligence team*
  - → *Relationships with partners*
- *1996 acquisitions:*
  - → *Fifth Avenue Place, 80% interest*
  - → *Exchange Tower*
- *1997 acquisitions:*
  - → *Bramalea City Centre*
  - → *Queen's Quay Terminal*
- *1998 acquisitions:*
  - → *Petro-Canada Centre, 50% interest*
  - → *Sheridan Centre*
- *1999 acquisitions:*
  - → *Sevenoaks Shopping Centre*
  - → *Fifth Avenue Place, 20% interest*
  - → *Roslyn Building*
  - → *West Oaks Shopping Centre*
  - → *Park Towers*
  - → *Merivale Place*

Properties Portfolio

Property Name	Major Tenants	Net Rentable Area (sq. ft. in 000's)	Occupancy (percent) (3)
OFFICE PROPERTIES			
Downtown Toronto, Ontario			
Exchange Tower Block			
Exchange Tower and TSE Pavilion	Toronto Stock Exchange, Merrill Lynch, Weir & Foulds, Department of Justice	1,029	96
105 Adelaide Street West (1)	Lombard General Insurance, HSBC James Capel, Markel Insurance	184	97
BCE Place Block			
20-22 Front Street West	Merrill Lynch	144	100
Queen's Quay Terminal	CIT Group/Newcourt Credit, Charles Schwab Canada	656	89
HSBC Building	Hongkong Bank of Canada, SEI Financial Services	194	97
Parking and other		210	N/A
Downtown Calgary, Alberta			
Petro-Canada Centre (2)	Petro-Canada, Precision Drilling Corporation	1,725	96
Fifth Avenue Place	Esso Canada, Renaissance Energy	1,478	100
Roslyn Building	Ensign Resources, Office Network	131	92
Parking and other		426	N/A
Total office properties		**6,177**	**97**
RETAIL PROPERTIES			
Regional Shopping Centres			
Bramalea City Centre, Brampton, ON	Sears, The Bay, SportChek, Miracle UltraMart	1,171	86
Londonderry Mall, Edmonton, AB	Wal-Mart, The Bay, SportChek	769	81
Sevenoaks, Vancouver area, BC	Sears, The Bay, Extra Foods, SportChek	554	86
Community Shopping Centres			
Sheridan Centre, Mississauga, ON (4)	Zellers, Dominion Food	549	69
West Oaks Mall, Vancouver area, BC	Wal-Mart, Save-On Foods, London Drugs	286	97
Malvern Town Centre, Scarborough, ON	Loblaws, Zellers, BiWay	285	98
Merivale Place, Nepean (Ottawa), ON	The Brick, Winners, Scotiabank	162	77
Westney Heights Plaza, Pickering, ON	Cashway, White Rose, CIBC	101	100
Other			
Metro East Trade Centre, Pickering, ON		270	N/A
Park Towers Apartments, Toronto, ON		551	99
Total retail and other properties		**4,698**	**89**
Total portfolio		**10,875**	
Less: Proportionate shares owned by others		1,283	
Gentra's net effective ownership interest		**9,592**	**93**

(1) The proportionate share owned by the Company is 55%.
(2) The proportionate share owned by the Company is 50%.
(3) Includes space committed under leases where occupancy will occur upon completion of tenant improvements.
(4) Property under redevelopment.

Financial Review

Contents

Management's Discussion and Analysis of Financial Position and Operations

Introduction

Gentra Inc. is a real estate investment company with the objective of maximizing shareholder returns through property ownership and value enhancement of quality commercial real estate. The Company is focused on asset management and direct value creation activities rather than on the provision of full service property management capabilities. Brookfield Properties Corporation, the Company's major shareholder, and other third-party property managers are used for the day-to-day management of the real estate properties which provides the Company with the greatest flexibility for the management of its properties on a cost-effective basis. The Company also provides asset management services for certain Canadian properties owned by Brookfield.

Assets

ASSETS REVIEW

Gentra's assets are located in Canada and are primarily comprised of commercial office and retail properties. Total assets increased by 15% to $1,601 million largely from the acquisition of commercial properties during the year. A summary of the assets at December 31 is as follows:

($ thousands)	1999	% of total	1998
Operating properties:			
Office	**614,125**	57%	558,310
Retail	**460,274**	43%	332,794
	1,074,399	100%	891,104
Other assets:			
Loans receivable	**159,569**		225,367
Cash and cash equivalents	**164,217**		14,327
Future income taxes	**171,400**		216,700
Other	**31,418**		45,884
	1,601,003		1,393,382

COMMERCIAL PROPERTIES

Commercial properties continue to increase as a proportion of the Company's assets and now represent 67% of the asset base. The commercial property portfolio is comprised of interests in 18 properties with a book value of $1,074.4 million at December 31, 1999. This compares with 24 properties and a book value of $891.1 million at December 31, 1998. A listing of the significant properties in the portfolio is provided on page 20.

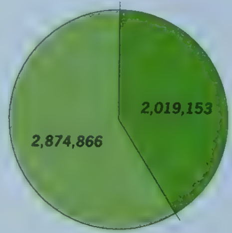
The following table summarizes the real estate portfolio at December 31:

	# of Properties	Net rentable area (1)	Book Value ($ thousands)
1999			
Office	**8**	**4,894,019**	**614,125**
Retail	**10**	**4,698,567**	**460,274**
Total	**18**	**9,592,586**	**1,074,339**
1998			
Office	9	4,804,557	558,310
Retail	15	3,903,530	332,794
Total	24	8,708,087	891,104

(1) Gentra's net effective ownership interest.

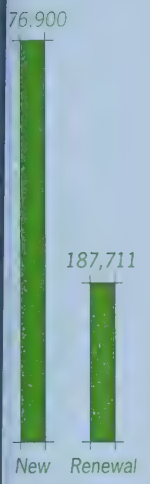
OFFICE PROPERTY PROFILE

Office properties are comprised of premier, investment grade commercial properties, located in the Toronto and Calgary downtown business districts, the two strongest markets for business in Canada. The consolidated carrying value of Gentra's interest in 4.9 million square feet of rentable area is approximately $125 per square foot, while the cost to replace the office portfolio is estimated at approximately $300 per square foot. The average size of Gentra's major office properties is 1.2 million square feet of rentable area.



Office Net Rentable Area by Geographic Location
(square feet)

Toronto
Calgary



1999 Office Leasing Summary
(square feet)

Occupied and committed space in the office portfolio increased from 94% at January 1, 1999 to 97% at December 31, 1999 as a result of new and renewal leasing totaling 664,611 square feet.

Gentra's office properties have a tenant profile that includes high quality tenants as follows:

Office Properties Tenant Profile

Oil and gas	**43%**
Petro-Canada	
Esso Canada	
Renaissance Energy	
TransCanada PipeLines Ltd.	
Union Pacific Resources	
Koch Oil Co.	
Precision Drilling Corporation	
Financial services	**11%**
CIT Group/Newcourt Credit	
Merrill Lynch	
Lombard General Insurance	
Hongkong Bank	
Charles Schwab Canada	
HSBC James Capel	
Government and regulatory	**9%**
Toronto Stock Exchange	
Public Works Canada	
Other	**37%**
Telecom	
Legal	
Advertising	
Consumer Products	
Various others	
Total	**100%**

The lease maturities in the office portfolio average approximately 5% annually over the next five years. The lease maturity of Gentra's effective interest in the office portfolio by market is as follows:

	Toronto		Calgary		Total	
	Sq. ft.	%	Sq. ft.	%	Sq. ft.	%
Vacant	99,564	2%	43,399	1%	142,963	3%
2000	37,645	1%	158,797	3%	196,442	4%
2001	125,730	3%	198,616	4%	324,346	7%
2002	170,083	4%	28,247	1%	198,330	5%
2003	55,679	1%	29,460	1%	85,139	2%
2004	127,701	3%	90,828	2%	218,529	5%

Office rental rates remained strong during 1999 due to positive economic conditions and decreasing vacancies in Toronto and Calgary. In December, the Toronto and Calgary downtown office vacancy rates were 6% and 7.5%, respectively. As leases expire Gentra expects to capitalize on these positive market conditions. The table on the right shows the market gross rent on vacant space and also compares the current average net rents to estimated market rents for similar space.

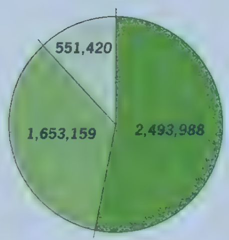
OFFICE ACQUISITIONS AND REDEVELOPMENT

In December 1999 Gentra acquired the remaining 20% interest in Fifth Avenue Place, a 1.5 million square foot two-tower office complex in Calgary. The Company also acquired the Roslyn Building, a 131,000 square foot office building located in the Calgary central business district. The investment in the Roslyn Building provides an opportunity for value enhancement from the 8% vacancy and leasing synergies with tenants in other owned properties in Calgary.

Current Office Portfolio
(dollars per square foot)

In 1999 a number of value enhancement initiatives were completed in the office portfolio. The most significant activity was at Queen's Quay Terminal where Gentra finished the retail floor redevelopment. The property is now 89% leased. The aggregate expenditures on the office redevelopment projects amounted to $13.1 million for 1999 (1998 – $17.0 million) and are comprised of direct costs of construction, construction management and capitalized interest.

Following the completion of asset and leasing initiatives, Gentra sold two office properties, 170 University in Toronto and First Alberta Place in Calgary, for gross proceeds totaling $39.8 million.



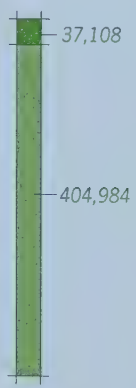
Retail Net Rentable Area
By Property Type
(square feet)

Regional Centres
Community Shopping Centres
Other

RETAIL PROPERTY PROFILE

The retail portfolio is comprised of a mix of regional shopping malls, community shopping centres and other properties. The three regional shopping centres are located in the metropolitan areas of Toronto, Edmonton and Vancouver. The consolidated carrying value of Gentra's interest in retail properties totaling 4.7 million square feet of rentable area is approximately $98 per square foot, while the cost to replace the retail portfolio is estimated at approximately $200 per square foot.

During 1999 new and renewal leasing for retail properties totaled 442,092 square feet. Occupied and committed space was 89% at December 31, 1999. The decrease during 1999 in occupied and committed space is attributed to the Eaton's vacancy. The occupied and committed space at December 31, 1999 totaled 96% before the effect of the vacancy created by Eaton's.



1999 Retail Leasing Summary
(square feet)

Renewal
New

The lease maturities in the retail portfolio average approximately 7% in each of the next five years. The lease maturity by property type is as follows:

	Regional Shopping Centres		Community Shopping Centres		Total	
	Sq. ft.	%	Sq. ft.	%	Sq. ft.	%
Vacant	389,410	10%	223,845	6%	613,255	16%
2000	167,249	4%	86,280	3%	253,529	7%
2001	147,501	4%	58,021	1%	205,522	5%
2002	123,731	3%	193,059	5%	316,790	8%
2003	327,281	8%	47,945	2%	375,226	10%
2004	154,109	4%	55,536	1%	209,645	5%

The current vacancy in the retail portfolio is comprised of 304,000 square feet of space formerly occupied by Eaton's and 172,000 square feet of space in Sheridan Centre which is under redevelopment. The leasing of this space is underway and is expected to be completed in year 2000 and contribute gross rent of $17 per square foot in new annual rental revenue based on current market rates.

Rental rates increased during 1999 primarily due to the positive economic conditions and strong consumer confidence which has fueled consumer spending. As leases mature and vacant space is leased, Gentra will benefit from both the positive economic conditions and the results of redevelopment, remerchandising and marketing activities in the retail portfolio. The table on the right shows the current gross market rent on vacant space and compares the average net rents of occupied space to estimated current market rents for similar space.

Retail Portfolio
(dollars per square foot)

Current Net Rent
Market Rent

RETAIL ACQUISITIONS AND REDEVELOPMENT

In 1999, Gentra acquired four retail properties totaling 1,553,000 square feet. Sevenoaks Shopping Centre was acquired in October 1999 for $92 million. Sevenoaks is a dominant regional shopping centre with 554,000 square feet of space located in Abbotsford, a rapidly growing community in the greater Vancouver area. Sevenoaks is anchored by a new Sears store, The Bay and Extra Foods. The acquisition was funded through cash and a new mortgage financing totaling $55 million with an interest rate of 6.88%. In April, Gentra acquired Merivale Place, a 162,000 square foot community shopping centre located in Nepean, Ontario. This property was acquired from a loan position held by the Company and funded through cash and the assumption of an existing $8 million mortgage. Since acquisition, a leasing and market repositioning program has been underway. Park Towers, a 555-unit first-class residential apartment complex in downtown Toronto, was acquired in April 1999. The acquisition of this property was also completed from a loan position held by the Company and funded through cash and a mortgage totaling $27.5 million. West Oaks Mall in Abbotsford in the Vancouver area, a 286,000 square foot community shopping centre anchored by Wal-Mart, Save-On Foods and London Drugs, was acquired in December 1999. West Oaks Mall is located adjacent to Sevenoaks Shopping Centre and together represent the core retail shopping node in Abbotsford. The Company expects to capitalize on leasing synergies between these properties as redevelopment initiatives are implemented.

During 1999 a number of value enhancement initiatives were completed in the retail portfolio. The Company's aggregate investment in retail redevelopment projects totaled $25.8 million (1998 – $3.6 million). The retail redevelopment activities were primarily focused on Sheridan Centre, a 549,000 square foot mixed-use property located in Mississauga, Ontario. The retail component is comprised of 334,000 square feet, anchored by a new Dominion food store and Zellers. The retail leasing strategy is focused on new commercial retail unit (CRU) tenancies between the two anchor tenants. Phase I of the office redevelopment initiative was completed with the occupancy by Royal and Sun Alliance Insurance of 60,000 square feet in October 1999 and planned occupancy of another 60,000 square feet in April 2000. The balance of the office space will be redeveloped on completion of leasing commitments. Gentra anticipates that the repositioning program will be completed by 2001 and result in a significant increase in property value.

During 1999 following completion of value enhancement initiatives the Company disposed of four retail properties, Queen's Plate Plaza, Carrefour d'Argenteuil, Place Portobello and Montreal North Bell, for gross proceeds totaling $51.1 million.

Based on a review of the portfolio, in December 1999 the Company determined that a provision for diminution for value in respect of certain retail properties in the amount of $20 million was appropriate. However, the fair market value of the property portfolio as a whole exceeds its carrying value.

LOANS RECEIVABLE

The Company had $180.2 million in loans receivable at December 31, 1999 compared with $310.1 million at December 31, 1998. This represents a net decrease in the size of the portfolio of 42% during 1999 as a result of net loan realizations.

The following table shows the loans receivable as at December 31:

($ thousands)	Toronto	Other	Total
1999			
Mortgages:			
Office	**44,663**	**24,737**	**69,400**
Retail	**—**	**37,074**	**37,074**
Hotels	**60,856**	**—**	**60,856**
Multi-family and other	**5,943**	**6,919**	**12,862**
Gross loans receivable	**111,462**	**68,730**	**180,192**
1998			
Mortgages:			
Office	52,743	39,427	92,170
Retail	12,500	83,222	95,722
Hotels	61,690	—	61,690
Multi-family and other	14,169	14,361	28,530
Corporate loans	32,000	—	32,000
Gross loans receivable	173,102	137,010	310,112

The loan portfolio at December 31, 1999 is comprised of 21 loans with an average amount of $8.6 million. Five loans comprise 82% of the total loans receivable balance. Contractual maturity of the gross loans receivable in the loan portfolio at December 31, 1999 follows: 2000 – $38.7 million; 2001 – $72.3 million; 2002 – nil; 2003 – nil, and 2004 – $13.4 million, thereafter – $55.8 million.

Impaired loans totaled $6.5 million or 4% of total loans receivable at December 31, 1999 which compares to $24.4 million or 8% of total loans receivable at December 31, 1998.

The Company maintains both specific and general reserves for losses on loans receivable for possible changes in the market value of the underlying real estate collateral. Management considers the specific and general reserves for losses to be adequate to absorb all known and probable credit-related losses in the portfolio at December 31, 1999. During 1999, general reserves in the amount of $60 million were reversed and credited to income. As the Company continues to monetize the portfolio of loans receivable, the appropriateness of the general reserves will be reassessed.

The Consolidated Financial Statements and related Notes include additional information on the Company's assets.

Results of Operations

In 1999 cash flow from operations increased 14% to $2.50 per fully diluted share compared with $2.20 in 1998. Cash flow from operations totaled $109.9 million, a 3% increase over 1998 cash flow of $106.6 million. Net income in 1999 was $61.7 million or $1.19 per fully diluted common share compared with $54.1 million or $0.89 per fully diluted common share in 1998. This represents an increase of 14% in net income over 1998 and a return on common shareholders' equity of 10%. These increases are the result of improved operating performance in the commercial property portfolio, increased operating income due to acquisitions of commercial properties and our common share repurchase initiatives.

($ thousands)	**1999**	1998	% change
Commercial properties			
Revenue	**199,796**	163,271	22 %
Expenses	**107,752**	93,609	15 %
Net rental income	**92,044**	69,662	32 %
Loans and investment income	**37,900**	54,094	(30)%
Total revenue	**129,944**	123,756	5 %

Revenue from commercial properties includes rental revenues earned from tenant leases, percentage rents and additional rents from the recovery of operating costs and property taxes. Revenue from commercial properties totaled $199.8 million in 1999 which is an increase of $36.5 million or 22% over 1998. The increase in revenue over 1998 was generated through leasing in the portfolio, increased rental rates on lease rollovers and additional revenues related to acquisitions.

Commercial property operating expenses are comprised of the costs of direct property operations including property taxes, salaries of employees, utilities, insurance, and other costs of ownership such as professional fees and capital taxes. Property expenses increased by $14.1 million to $107.8 million as a result of additional expenses arising from property acquisitions. Net rental income increased by $22.4 million to $92 million in 1999, an increase of 32%. Higher occupancies and net rental rates have resulted in strong revenue growth and operating cost recoveries.

During 1998 the Company initiated an orderly wind-down of its real estate loan portfolio with the intention to reinvest the capital into commercial real estate properties as appropriate opportunities arise. As a result, income from loans and investments decreased due to realization of loans receivable. The

Company earned an average current yield on cash and cash equivalents and loans receivable of 4.8% and 9.5%, respectively, after deducting legal, environmental and other direct expenses incurred in connection with management and realization of loans.

($ thousands)	1999	1998	% change
Expenses			
Administrative	10,090	10,333	(2)%
Large corporations tax	1,875	2,122	(12)%
Interest expense	24,087	21,480	12 %
Total	36,052	33,935	6 %

Administrative expenses consist primarily of the costs of asset management and investment activities. Administrative expenses totaled $10.1 million in 1999 declining by 2% from 1998. Salaries and related costs comprised 38% of total administrative expenses in 1999 (1998 – 50%) with the remainder being premises costs, professional fees and other corporate expenses. Large corporation taxes paid on real properties totaled $1.9 million during 1999 (1998 – $2.1 million), a decrease of 12%. Interest expense increased to $24.1 million in 1999 from $21.5 million in 1998 due to an increase in mortgages and other borrowings. During 1999 interest capitalized on redevelopment projects totaled $4.7 million (1998 – $0.5 million).

Gains on dispositions of properties totaling $16 million were realized on the disposition of six properties with an aggregate book value of $74.9 million. These dispositions followed completion of value enhancement activities, consistent with Gentra's business strategy.

Capital Structure

Gentra's capital structure is summarized as follows:

($ thousands)	1999	%	1998	%
Mortgages and other borrowings	525,566	35%	296,320	22%
Shareholders' equity				
Preferred shares	381,743	25%	381,743	29%
Common share equity	597,248	40%	641,593	49%
Total capital	1,504,557	100%	1,319,656	100%

MORTGAGES AND OTHER BORROWINGS

Mortgages payable and other borrowings generally represent property specific debt where recourse is limited to the underlying asset. Ten percent of the mortgages and other borrowings are secured by the covenant of the Company in addition to specific properties. At December 31, 1999 Gentra's debt profile includes a weighted average interest rate of 7.6%, an interest coverage ratio of four times and an average maturity of nine years.

CREDIT FACILITIES

Gentra has a $30 million demand bank line of credit available to meet short-term operating liquidity requirements. The Company also has a $75 million short-term operating facility. In addition, facilities are in place permitting the Company to issue letters of credit and complete foreign exchange transactions.

SHAREHOLDERS' EQUITY

Gentra is conservatively capitalized with $979 million of preferred and common share equity. The preferred share capital makes up 25% of the Company's total capitalization and provides perpetual leverage to common shareholders.

During 1999 a total of 5,845,568 common shares were acquired through three share repurchase initiatives. The common shares were acquired as follows:

	Shares	Average Price per Share ($)
1998 Normal Course Issuer Bid	825,568	13.94
1999 Substantial Issuer Bid	5,000,000	14.50
1999 Normal Course Issuer Bid	20,000	12.46

The Company also initiated a substantial issuer bid on January 17, 2000 for 4,000,000 common shares. On February 8, 2000, 3,789,619 common shares were purchased under this substantial issuer bid at $15 per share for a total investment of $56.8 million.

DIVIDENDS

In 1999 Gentra paid $18.7 million of preferred share dividends ($18.5 million – 1998). It is the current intention to retain earnings for reinvestment. As a result, it is not expected that dividends will be paid on common shares at the current time.

LIQUIDITY

For the year ended December 31, 1999 cash flow generated from operations totaled $109.9 million, an increase of 3% from 1998. The Company's debt-to-capital ratio is also well below accepted industry levels and significant cash proceeds can be generated by raising financing against unencumbered commercial properties. By increasing mortgages payable, the Company will reduce its overall cost of capital, maximize returns earned by the common shareholders and continue to maintain a conservatively leveraged balance sheet compared to other publicly traded real estate companies. Gentra will have sufficient sources of liquidity in 2000 to fund planned capital expenditures and tenant improvements and to service its debt.

Risk Management

Gentra is exposed to a number of risks in the normal course of its business operations.

INDUSTRY AND MARKET RISK

Gentra, as an owner of commercial properties and a residual portfolio of loans secured by real estate, faces risks usually associated with the commercial real estate industry. Risk factors include general and local economic conditions, the financial condition of tenants, trends in the retail industry, the impact of e-commerce, the ability to lease space, the ability to secure economic net rents, the availability and cost of financing and environmental risks. Risk inherent in the portfolio is mitigated by focusing investment efforts in high quality properties located in major markets where management has knowledge and expertise and by diversifying investments in retail and office properties to reduce leasing and economic risks.

LEASE RISK

Gentra manages the risk arising from lease maturities by managing lease terms for low exposure in any single year, as indicated in the following table:

Lease Maturities by Percentage of Portfolio Square Footage

	2000	2001	2002	2003	2004
Office	4%	7%	5%	2%	5%
Retail	7%	5%	8%	10%	5%
Total	5%	6%	6%	6%	5%

The Company also ensures that it has minimal exposure to any single tenant and thus is not dependent on the operating performance of any one tenant.

ACQUISITION AND DEVELOPMENT RISK

Gentra will focus on the acquisition of high quality office and rental properties in major markets in Canada or properties that provide value enhancement opportunities. Such acquisi-

tions will be completed only if the returns are positive to the Company. The risk of expected returns not being achieved following acquisition is mitigated by a comprehensive due diligence program prior to commitment. The Company's development projects have historically focused on redevelopment at existing properties. Risks associated with these projects are managed by aggressively negotiating and monitoring construction contracts and ensuring lease credit risk is minimized.

ENVIRONMENTAL RISK

Gentra has policies and procedures in place to help minimize losses arising from potential environmental exposure. The Company exercises high standards of due diligence when acquiring properties or when assuming control of properties through foreclosure. To the best of management's knowledge, the Company's owned properties are free from material environmental risks.

LITIGATION RISK

Gentra manages a significant litigation portfolio related to operations as a trust company prior to September 1, 1993 in addition to litigation from the normal course of business. The Company has also received a substantial number of indemnity claims resulting from the sale of its former operations. Although the Company believes that adequate provisions have been made to cover the outcome of these proceedings, the ultimate outcome of litigation always bears an element of uncertainty.

YEAR 2000

In 1999 Gentra completed a compliance assessment and implemented a plan to address Year 2000 issues relevant to its operations and properties. Gentra worked with Brookfield Properties Corporation and other property managers to implement appropriate corrective measures on each owned property and properties which represent collateral security for loans receivable. All corrective actions were completed prior to December 31, 1999 and since then, the Company has not experienced any issues related to the Year 2000 issue.

Outlook

Gentra believes that the positive fundamentals in the Canadian commercial real estate industry and the markets in which the Company's properties are located will continue into 2000. In the office sector, the vacancy rate is at a 10-year low in Calgary and Toronto, the markets where Gentra's assets are located. Though demand for space has moderated somewhat during 1999, with limited future development activity, vacancy rates are expected to remain low. In the retail sector, strong consumer confidence continues to drive increases in retail sales. These economic conditions are expected to result in continuing, but modest growth in 2000.

During the year 2000 Gentra will continue to focus on maximizing the value of existing assets by increasing occupancy, realizing increases in rents on rollovers of leases, pursuing redevelopment opportunities identified in our portfolio and maximizing other income opportunities in the existing portfolio.

Gentra will also continue to pursue growth through acquisitions consistent with the office and retail investment criteria. Gentra will utilize the strength of its balance sheet and additional financing capacity to fund new acquisitions. The strategy of investing in premier office properties and regional shopping centres provides a diversified and stable cash flow stream.

Gentra may also continue to purchase its common shares in the open market as provided for under its normal course issuer bid.

Management's Responsibility for Financial Reporting

The management of Gentra Inc. is responsible for the preparation, content and integrity of the consolidated financial statements and all other financial information contained in this Annual Report. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles, using management's best estimates and judgements when appropriate. Financial information presented elsewhere in this Annual Report is consistent with that in the financial statements.

The management of the Company has established and maintains a system of internal controls that provides reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded, the Company is in compliance with all applicable laws and that the financial records are reliable for preparing financial statements. The effectiveness of and compliance with this system of internal controls is monitored by management.

The Board of Directors oversees management's responsibility for financial reporting through its Audit Committee, currently comprised of four directors who are not officers or employees of the Company. The Audit Committee meets regularly with management and the external auditors to review auditing and accounting matters, including the adequacy of the system of internal controls and the quality of the Company's financial reporting. The auditors have full and unrestricted access to the Audit Committee.

The consolidated financial statements have been audited by Deloitte & Touche LLP, the independent auditors, in accordance with generally accepted auditing standards. The Company's Annual Report is discussed and reviewed by the Audit Committee with management and the external auditors before it is presented to the Board of Directors for approval.

David D. Arthur
President and Chief Executive Officer

Karen H. Weaver
Senior Vice President and Chief Financial Officer

Auditors' Report

To the Shareholders of Gentra Inc.:

We have audited the consolidated balance sheets of Gentra Inc. as at December 31, 1999 and 1998 and the consolidated statements of income, retained earnings and cash flow for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in Canada.

Deloitte & Touche LLP

Chartered Accountants
Toronto, Canada
February 17, 2000

Consolidated Balance Sheets

December 31 ($ thousands)	Note	1999	1998
Assets			
Commercial properties	2	**1,074,399**	891,104
Loans receivable	4	**159,569**	225,367
Cash and cash equivalents	11	**164,217**	14,327
Future income taxes	8	**171,400**	216,700
Other assets	5	**31,418**	45,884
		1,601,003	1,393,382
Liabilities and Shareholders' Equity			
Accounts payable and other liabilities		**96,446**	73,726
Mortgages and other borrowings	6	**525,566**	296,320
Shareholders' equity	7	**978,991**	1,023,336
		1,601,003	1,393,382

Commitments and contingencies – Note 13

Approved by the Board:

Gordon E. Arnell
Director

Joseph F. Killi
Director

Consolidated Statements of Income

years ended December 31 ($ thousands, except per share amounts)	Note	**1999**	1998
Commercial properties			
Revenue		**199,796**	163,271
Expenses		**107,752**	93,609
Net rental income		**92,044**	69,662
Loans and investments income		**37,900**	54,094
		129,944	123,756
Expenses			
Administrative expenses and large corporations tax	8	**11,965**	12,455
Interest expense		**24,087**	21,480
		36,052	33,935
Income before the following items		**93,892**	89,821
Gains on dispositions of properties		**16,009**	16,729
Cash flow from operations and gains on dispositions		**109,901**	106,550
Future income taxes, provisions and other, net	9	**31,760**	42,300
Depreciation and amortization		**16,405**	10,181
Net income		**61,736**	54,069
Income per common share			
Basic		**$1.21**	$0.91
Fully diluted		**$1.19**	$0.89

Consolidated Statements of Retained Earnings

years ended December 31 ($ thousands)	Note	**1999**	1998
Retained earnings, beginning of year		**526,333**	232,254
Retroactive adoption of new tax accounting standard	1f, 8	**—**	259,000
Repurchase of common shares	7	**(64,882)**	—
Options exercised through Market Growth Option	7i	**(3,324)**	(472)
Net income		**61,736**	54,069
Preferred share dividends	7	**(18,687)**	(18,518)
Retained earnings, end of year		**501,176**	526,333

Consolidated Statements of Cash Flow

years ended December 31 ($ thousands)	**1999**	1998
Operating Activities		
Net income	**61,736**	54,069
Add (deduct) items not providing or requiring cash		
Provisions, net	**(20,000)**	—
Future income taxes	**45,300**	42,300
Depreciation and amortization	**16,405**	10,181
Add (deduct) other items		
Gains on dispositions of properties	**(16,009)**	(15,324)
Early debt extinguishment cost	**6,460**	—
Changes in working capital accounts		
Other assets	**2,573**	9,779
Accounts payable and other liabilities	**2,720**	(9,355)
	99,185	91,650
Investing Activities		
Loans receivable		
New fundings and purchases	**—**	(347,215)
Loan principal paydowns and payoffs	**145,089**	473,329
Commercial properties		
Acquisitions of properties	**(178,884)**	(232,784)
Tenant inducements and capitalized expenditures	**(22,166)**	(24,545)
Redevelopment expenditures	**(38,946)**	(20,576)
Dispositions of properties	**83,043**	49,229
	(11,864)	(102,562)
Financing Activities		
Increase in mortgages payable and other borrowings, net	**175,110**	14,872
Early debt extinguishment cost	**(6,460)**	—
Preferred share dividends paid	**(18,687)**	(18,518)
Repurchase of common shares	**(84,172)**	—
Options exercised, net	**(3,222)**	—
	62,569	(3,646)
Increase (decrease) in cash and cash equivalents	**149,890**	(14,558)
Cash and cash equivalents, beginning of year	**14,327**	28,885
Cash and cash equivalents, end of year	**164,217**	14,327
Supplementary Cash Flow Information		
Cash paid for interest	**28,726**	22,003
Cash paid for income taxes	**1,875**	2,122

Notes to the Consolidated Financial Statements

1. Accounting Policies

Gentra Inc. (the Company) is incorporated under the Canada Business Corporations Act.

(a) Financial statements – The consolidated financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by The Canadian Institute of Chartered Accountants. The Company's accounting policies and its financial disclosure are substantially in accordance with the recommendations of the Canadian Institute of Public Real Estate Companies.

(b) Basis of consolidation – The consolidated financial statements of the Company include the accounts of all its subsidiaries and the proportionate share of the assets, liabilities, revenues and expenses of joint ventures.

(c) Commercial properties – Real estate properties held for investment purposes are carried at the lower of depreciated cost and estimated net recoverable amount. Cost includes direct costs and interest incurred during acquisition or redevelopment of these properties. When properties are acquired in settlement of loans and retained for investment purposes, they are valued initially at the lower of the fair value of the asset and the carrying value of the loan foreclosed.

Real estate properties held for investment are depreciated using the sinking fund method at a rate of 5% over their estimated useful lives, which range from 15 to 50 years. Under this method depreciation is charged to income in increasing annual amounts to fully amortize the properties over their estimated useful lives. Building improvements are depreciated on a straight line basis over terms appropriate to the expenditures.

Costs are capitalized on properties under redevelopment including all direct expenditures, interest on debt and certain administrative expenses. Revenues earned during the redevelopment period are treated as a reduction of costs. Costs to lease properties are capitalized and amortized over the terms of the related leases.

Rental revenue includes contractual and percentage rents and recoveries of operating expenses, including property, capital and large corporation taxes. Revenue from properties under redevelopment is recognized at the earlier of attaining a break-even point in cash flow after debt service or at the expiration of a reasonable time following substantial completion.

(d) Loans receivable – Loans are stated at the principal amount outstanding or at the Company's acquisition cost plus accrued interest less unearned income and a reserve for losses.

Interest income is recorded on an accrual basis except on loans classified as impaired. Loans are classified as impaired when there is no longer reasonable assurance as to the ultimate collectibility of contractual principal or interest or when interest or principal is 90 days past due, unless the loan is both well secured and in the process of collection. Loans that are determined to be impaired are valued at their estimated realizable amount based on the present value of expected future cash flows discounted at the interest rate inherent in the original loan or, at the fair value of the security underlying the loan less disposition costs.

When a loan is classified as impaired, recognition of interest in accordance with the contractual terms of the loan ceases. Income on impaired loans is reported as the change in the net present value of future cash flows. Loans are restored to an accrual basis when principal and interest payments are current and there is no longer any reasonable doubt as to ultimate collectibility.

Real estate assets acquired in settlement of loans and held for resale are carried at the lower of estimated realizable value and carrying value of the loan. Any excess of carrying value of the loan over estimated realizable value of the asset is charged to the reserves for losses. Operating results and any gains or losses on disposal of these assets are included in income from loans and investments.

(e) Reserves for losses – A specific reserve for loss is maintained in an amount currently considered appropriate to absorb all known and probable credit-related losses in the Company's loan portfolio. Specific provisions represent amounts required to reduce the carrying value of an impaired loan to its estimated realizable amount. General reserves are

also carried against the loan portfolio, reflecting management's best estimate of losses existing in the portfolio but which are not yet specifically identifiable.

(f) Income taxes – Effective January 1, 1999, the Company retroactively adopted the new recommendations of The Canadian Institute of Chartered Accountants for accounting for income taxes under the liability method. Under this method, future income tax assets and liabilities are calculated based on the differences between the carrying values of the assets and liabilities and their related tax bases using current income tax rates. The financial statements were retroactively restated effective January 1, 1998. See Note 8 for additional information on the composition of the income tax asset and income tax expense.

(g) Securities – Securities are stated at cost, net of any declines in value that are other than temporary. Income from securities and gains and losses on sales of securities are included in loans and investment income.

(h) Use of estimates – The preparation of financial statements, in conformity with generally accepted accounting principles, requires estimates and assumptions that affect the carried amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates.

(i) Comparative figures – Certain figures for 1998 have been reclassified to conform with the 1999 presentation.

2. Commercial Properties

($ thousands)	Note	1999	1998
Office properties		**639,328**	573,409
Retail properties	9	**470,569**	340,601
Accumulated depreciation		**(35,498)**	(22,906)
		1,074,399	891,104

Commitments to fund tenant improvements under commercial leases made in the normal course of business total $7.9 million at December 31, 1999 (1998 – $5 million). The Company is contingently liable for letters of credit issued in the normal course of business in the amount of $14 million at December 31, 1999 (1998 – $14.7 million).

During 1999 costs capitalized on redevelopment projects are comprised of direct construction costs of $33.4 million (1998 – $21 million), administrative expenses of $0.8 million (1998 – $1 million) and interest costs of $4.7 million (1998 – $0.5 million). The estimated cost to complete redevelopment projects on certain properties totals $25.3 million, of which $3.7 million is committed at December 31, 1999 (1998 – $3 million committed).

Minimum amounts payable over the next five years and in the aggregate thereafter in respect of ground leases related to the commercial real estate properties with an aggregate net book value of $197 million are as follows: 2000 – $7 million; 2001 – $7 million; 2002 – $7 million; 2003 – $7 million; 2004 – $7 million and thereafter – $37 million. Amounts payable under an 892-year ground lease and an 84-year ground lease are included in the above amounts for 10 years.

3. Interests in Joint Ventures

The following amounts included in the consolidated financial statements represent the Company's proportionate interest in commercial office property-related joint ventures:

($ thousands)	1999	1998
Assets, as at December 31	**200,169**	327,515
Liabilities, as at December 31	**109,882**	186,311
Operating revenues	**52,405**	28,892
Operating expenses	**23,115**	14,178
Net income	**10,242**	4,716
Cash provided by operating activities	**14,676**	7,217
Cash provided by (used in) financing activities	**(2,876)**	109,012
Cash used in investing activities	**(3,946)**	(206,624)

Buy/sell clauses are included in certain of the joint venture agreements. A joint venture may initiate under these clauses a process which could result in the purchase or sale of a joint venturer's interest in the property. The Company, through its subsidiaries, is contingently liable for the obligations of the joint ventures. In each case, the assets of the joint venture are available for the purpose of satisfying such obligations.

4. Loans Receivable

($ thousands)	Weighted Average Interest Rate	1999	1998
Mortgages			
Office	11.2	**69,400**	92,170
Retail	7.6	**37,074**	95,722
Hotel	7.6	**60,856**	61,690
Multi-family residential and other	9.6	**12,862**	28,530
Corporate loans	—	**—**	32,000
		180,192	310,112
Accrued interest		**807**	708
Reserves		**(21,430)**	(85,453)
		159,569	225,367

Specific reserves for losses total $1.7 million at December 31, 1999 (1998 – $5.7 million). The Company decreased its general reserves for losses by $60 million to $19.8 million at December 31, 1999 (1998 – $79.8 million).

Impaired loans included in gross loans receivable are comprised of loans secured by real estate of $1.8 million at December 31, 1999 (1998 – $10.2 million) and commercial and other loans of $1.6 million at December 31, 1999 (1998 – $2.2 million). Impaired loans include foreclosed assets totaling $3.1 million at December 31, 1999 (1998 – $12.1 million). Write-offs of loans realized in 1999 totaled $2.7 million (1998 – $1.6 million).

The Company has no further commitments to advance funds or provide financial guarantees under any lending facilities (1998 – $34 million).

Loans under management, which are managed under contract and are not reflected on the balance sheet, total $123.8 million at December 31, 1999 (1998 – $180.3 million).

5. Other Assets

($ thousands)	Note	1999	1998
Amounts receivable under MSPP	(a)	**10,759**	10,759
Government securities	(b)	**3,934**	6,028
Equity securities	(c)	**3,602**	6,976
Prepaid and other assets		**13,123**	8,762
Bank deposits		**—**	13,359
		31,418	45,884

(a) Amounts receivable under the Management Share Purchase Plan (MSPP) represent the present value of life insurance proceeds receivable from insurance policies acquired by the Company. See also Note 7j.

(b) Government securities are pledged to secure indemnities provided on the sale of operating companies in 1993.

(c) The market value of the equity securities totals $4.1 million at December 31, 1999 (1998 – $7.5 million).

6. Mortgages and Other Borrowings

($ thousands)	Note	1999	1998
Mortgages payable and other borrowings	(a)	**525,566**	296,320

(a) Mortgages payable have a weighted average interest rate of 7.6% at December 31, 1999 (1998 – 8%). Contractual mortgage principal repayments for the next five years are as follows: 2000 – $33.5 million; 2001 – $6 million; 2002 – $35 million; 2003 – $93.4 million; and 2004 – $8 million. The provisions attributable to mortgages payable limit the lenders recourse upon default to the underlying asset except for four mortgages totaling $54.5 million which have recourse to Gentra Inc.

During the year, mortgages totaling $54.1 million (1998 – nil) were assumed in conjunction with the acquisition of certain commercial properties.

In conjunction with a refinancing completed during 1999, the Company incurred fees totaling $6.5 million for an early extinguishment of mortgage debt.

(b) Lines of credit include a demand operating facility of up to $30 million which was undrawn at December 31, 1999 (1998 – nil drawn). This facility bears interest at the bankers' acceptance rate plus 0.75% or at the prime rate. In addition, lines of credit include a revolving, unsecured credit facility of up to $75 million which was undrawn at December 31, 1999 (1998 – nil drawn). Interest on this facility is based on a bankers' acceptance rate plus 1% and has a one-year term ending December 2000.

7. Shareholders' Equity

The consolidated statement of changes in shareholders' equity follows:

($ thousands)	1999 Preferred Shares	1999 Common Shares	1999 Retained Earnings	1999 Total	1998 Preferred Shares	1998 Common Shares	1998 Retained Earnings	1998 Total
Balance, beginning of year	**381,743**	**115,260**	**526,333**	**1,023,336**	381,743	115,001	232,254	728,998
Adoption of new tax accounting standard	—	—	—	—	—	—	259,000	259,000
Repurchase of common shares	—	**(19,290)**	**(64,882)**	**(84,172)**	—	(1,431)	—	(1,431)
Options exercised	—	**102**	**(3,324)**	**(3,222)**	—	1,690	(472)	1,218
Net income	—	—	**61,736**	**61,736**	—	—	54,069	54,069
Preferred share dividends paid	—	—	**(18,687)**	**(18,687)**	—	—	(18,518)	(18,518)
Balance, end of year	**381,743**	**96,072**	**501,176**	**978,991**	381,743	115,260	526,333	1,023,336

Authorized share capital consists of 300,000 senior preferred shares, unlimited priority preferred shares, unlimited preferred shares issuable in series, unlimited common shares and unlimited non-voting equity shares. No senior preferred shares or priority preferred shares are issued and outstanding. There were 2,391,298 non-voting equity shares issued and outstanding at December 31, 1999.

Preferred Shares

	Note	1999 Number of Shares	1999 Amount ($ thousands)	1998 Number of Shares	1998 Amount ($ thousands)
Cumulative Redeemable Preferred Shares					
Series G	(a)	**1,805,489**	**45,137**	1,805,489	45,137
Series J	(b)	**3,816,527**	**95,413**	3,816,527	95,413
Series K	(c)	**300**	**150,000**	300	150,000
Series M	(b)	**2,847,711**	**71,193**	2,847,711	71,193
Series N	(d)	**800,000**	**20,000**	800,000	20,000
Total outstanding preferred shares			**381,743**		381,743

(a) Series G preferred shares are entitled to cumulative dividends at an annual rate equal to 70% of the average bank prime rate. The Company may, at its option, redeem the shares at a price of $25 per share plus arrears on any accrued and unpaid dividends.

(b) Series J and M preferred shares are entitled to cumulative dividends at an annual rate equal to 70% of the average bank prime rate for the previous quarter. The Company may, at its option, redeem the shares at a price of $25 per share plus arrears on any accrued and unpaid dividends.

(c) Series K preferred shares are entitled to cumulative dividends at the 30 day bankers' acceptance rate plus 0.4%. The Company may, at its option, redeem the shares at a price of $500,000 per share plus an amount equal to all accrued and unpaid dividends.

(d) Series N preferred shares are entitled to cumulative dividends at the 30 day bankers' acceptance rate plus 0.4%. The Company may, at its option, redeem the shares at $25 per share plus arrears on any accrued and unpaid dividends.

(e) Preferred share dividends – Preferred share dividends totaling $18.7 million were paid in 1999 (1998 – $18.5 million).

Common Shares

		1999		1998	
	Note	**Number of Shares** (f)	**Amount** ($ thousands)	Number of Shares (Restated) (f)	Amount ($ thousands)
Outstanding, beginning of year		**39,407,987**	**135,551**	39,163,447	135,292
Shares repurchased and canceled, net	(g)	**(5,845,568)**	**(19,467)**	(104,440)	(1,431)
Options exercised	(i)	**40,000**	**102**	348,980	1,690
		33,602,419	**116,186**	39,407,987	135,551
Notes receivable under Management Share Purchase Plan	(j)	**(312,513)**	**(20,114)**	(315,513)	(20,291)
Outstanding, end of year		**33,289,906**	**96,072**	39,092,474	115,260
Average common shares outstanding	(h)	**35,484,046**	**—**	39,122,052	—

(f) Effective April 23, 1999, the common shares commenced trading on a one-for-five consolidated basis. The number of shares for 1998 have been restated to reflect the one-for-five share consolidation.

(g) During 1999 the Company acquired and canceled 5,845,568 common shares for $84.3 million through three repurchase initiatives. During 1999, 825,568 shares were acquired at an average price of $13.94 under the Normal Course Issuer Bid initiated in November 1998. The Company also acquired 5,000,000 shares at $14.50 per share through a Substantial Issuer Bid initiated on May 4, 1999. On November 9, 1999, a new Normal Course Issuer Bid was filed whereby the Company may acquire up to 1,640,207 of its common shares over the 12-month period ending November 10, 2000. As of December 31, 1999, 20,000 shares had been acquired at an average price of $12.46 under this Normal Course Issuer Bid.

(h) Net income per common share has been calculated after the payment of preferred share dividends of $18.7 million (1998 – $18.5 million) using weighted average shares outstanding of 35,484,046 (1998 – 39,122,052). Fully diluted income per common share includes the effect of the exercise of all outstanding options and is calculated using weighted average shares outstanding of 36,762,896 (1998 – 40,412,479).

(i) Common share options

	1999		1998 (Restated) (f)	
	Number of Shares	**Option Price**	Number of Shares	Option Price
Outstanding, beginning of year	**1,177,700**	**$2.15-$23.75**	1,571,480	$2.15-$18.25
Granted	**528,400**	**$11.55-$14.25**	167,400	$23.75
Exercised through issuance of shares	**(40,000)**	**$2.15-$2.70**	(348,980)	$2.15-$13.50
Exercised through Market Growth Option	**(330,600)**	**$2.70-$13.50**	(100,000)	$2.15-$2.70
Canceled and expired	**(5,800)**	**$13.50**	(112,200)	$9.90-$23.75
Outstanding, end of year	**1,329,700**	**$2.15-$23.75**	1,177,700	$2.15-$23.75

The Management Share Option Plan allows option holders to elect to receive cash for the options equal to the difference between the option price and the market price of the common shares. During 1999, 330,600 options were exercised under the market growth option for cash totaling $3.3 million.

Options outstanding at December 31, 1999 were issued during November 29, 1993 to November 24, 1999 and have expiration dates ranging from February 26, 2000 to October 1, 2005. These options have a weighted average option price of $14.70 and a weighted average remaining life of 3.7 years.

(j) Management share purchase plan (MSPP) – Under the Company's MSPP, which was terminated in 1993, certain management employees of the former trust business were granted rights to purchase common shares of the Company. Loans to finance the purchase of shares under the MSPP were granted by the Company or a subsidiary of the Company and bore interest at a rate equal to the cash dividends, if any, paid on the common shares purchased with the loan proceeds. The shares are held by the trustees of the MSPP until the loans are repaid and the shares have indefeasibly vested in the participant.

In conjunction with the sale of the Company's trust operations in 1993, MSPP loans held by then active employees, totaling $53 million related to 827,720 shares, were extended for a period up to 70 years and are due and payable before the end of this term if the market value of the acquired shares equals or exceeds the participant's purchase price, or on a participant's death. Insurance policies were acquired equal to the principal amounts of each participant's MSPP loan. These MSPP loans are recorded in other assets at $10.8 million (1998 – $10.8 million). On the death of an insured participant, the proceeds of the policy will be applied to pay the loan.

MSPP loans totaling $20.1 million (1998 – $20.3 million) to employees who were not active employees of the trust subsidiary at September 1, 1993, are not affected by these insurance arrangements and continue to be presented as a reduction of common share capital.

8. Income Taxes

Effective January 1, 1999, the Company adopted, retroactively, the new recommendations of The Canadian Institute of Chartered Accountants for accounting for income taxes. The financial statements were restated effective January 1, 1998. The change in accounting policy resulted in an increase in the future income tax asset and retained earnings of $259 million at the date of restatement to reflect the cumulative impact of adopting the new recommendations. The future income tax asset as at December 31 recognizes:

i) all unused tax losses which had previously not been recognized for accounting purposes; and

ii) all differences between the carrying values and the tax values of the assets and liabilities.

($ thousands)	**1999**	1998
Future tax asset relating to operating and capital losses	**114,800**	116,000
Future tax asset relating to adjustment of tax to book basis	**56,600**	100,700
	171,400	216,700

Future income tax expense consists of the following:

($ thousands)	1999	1998
Future income tax expense at combined Canadian federal and provincial income tax rate of 44%	**47,095**	42,402
Non-taxable portion of capital gains	**(1,795)**	(102)
Future income tax expense	**45,300**	42,300
Large corporations tax	**1,875**	2,122
	47,175	44,422

At December 31, 1999, the Company had non-capital income tax loss carryforwards of approximately $578 million (1998 – $601.7 million) which are available to reduce taxable income of future years. These loss carryforwards will expire over a seven year period up to the year 2006. The benefit of the tax losses, net of a valuation allowance, have been reflected in the future income tax asset.

9. Future Income Taxes, Provisions and Other, Net

Future income taxes, provisions and other, net consists of the following:

($ thousands)	Note	1999	1998
Future income tax expense	8	**45,300**	42,300
Recovery of provisions against loans receivable	4	**(60,000)**	—
Early debt extinguishment cost	6	**6,460**	—
Provisions for diminution in value on real estate and other		**40,000**	—
		31,760	42,300

Provisions for diminution in value on real estate and other include $20 million related to contingent liabilities from former business operations of the Company, and $20 million specified against certain retail properties.

10. Segmented Information

The Company operated during 1999 and 1998 primarily as an investor in commercial office and retail properties.

	Office Properties		Retail Properties		Loans and Other		Total	
($ thousands)	1999	1998	1999	1998	1999	1998	1999	1998
Carrying value	**614,125**	558,310	**460,274**	332,794	**526,604**	502,278	**1,601,003**	1,393,382
Acquisitions	**60,200**	204,069	**172,820**	28,714	**—**	—	**233,020**	232,783
Capital expenditures	**25,026**	31,832	**36,088**	13,574	**—**	—	**61,114**	45,406
Property revenue	**122,561**	98,410	**77,235**	64,861	**—**	—	**199,796**	163,271
Property expenses	**67,807**	58,252	**39,945**	35,357	**—**	—	**107,752**	93,609
Operating income	**54,754**	40,158	**37,290**	29,504	**37,900**	54,094	**129,944**	123,756
Administrative expenses and large corporations tax	**4,977**	5,148	**3,891**	4,093	**3,097**	3,214	**11,965**	12,455
Interest expense	**20,403**	14,453	**3,684**	5,937	**—**	1,090	**24,087**	21,480
Gains (loss) on disposition	**21,044**	2,040	**(5,035)**	9,153	**—**	5,536	**16,009**	16,729
Depreciation and amortization	**9,106**	6,462	**7,299**	3,719	**—**	—	**16,405**	10,181
(Provisions) recovery	**—**	—	**(20,000)**	—	**40,000**	—	**20,000**	—
Future income taxes and other							**51,760**	42,300
Net income	**41,312**	16,135	**(2,619)**	24,908	**74,803**	55,326	**61,736**	54,069

11. Related Party Transactions

On December 30, 1999, the Company acquired from Brookfield Properties Corporation two commercial properties and the remaining 20% interest in Fifth Avenue Place for $92.1 million. In conjunction with this transaction, the Company assumed mortgage liabilities totaling $46.1 million and placed new property mortgages totaling $27.4 million with Brookfield. The balance was paid for in cash. The properties were recorded at the acquisition price based on appraised values.

The Company has retained the services of Brookfield Properties Corporation for the property management of some of its office and retail properties on contracts based on fair market value of services provided. The fees paid for these property management services totaled $5 million in 1999 (1998 – $3.5 million). The Company provides asset management services for certain Canadian properties owned by Brookfield. The fees earned for these services are billed at contractual rates based on fair market value of services provided. Asset management fees totaled $1.7 million in 1999 (1998 – $1 million) and offset administrative expenses. The Company had a demand deposit of $96.5 million with a subsidiary of Brookfield's principal shareholder as at December 31, 1999. The deposit earns interest at prime less 75 basis points and is included in cash and cash equivalents. During 1999, a term loan with this same affiliate for $32 million was repaid at maturity. These transactions were completed in the normal course of operations at normal market rates.

12. Risk Management and Financial Instruments

The Company is exposed to financial risks that arise from the fluctuation in interest rates, foreign exchange rates and changes in the credit quality of its borrowers and their tenants. The Company manages these risks as follows:

(a) Interest rate risk – The assets and liabilities of the Company have both fixed and floating interest rate components resulting in an exposure to interest rate movements.

The Company has not hedged all of its exposure to interest rates creating unmatched floating rate interest exposures which may affect the Company's earnings in future periods. As at December 31, 1999, the Company's floating rate liabilities, including $381.7 million of floating rate preferred shares, exceeded its floating rate assets by $156.5 million (1998 – $280 million).

(b) Derivative financial instrument – The Company entered into a cross currency swap contract for a notional amount of $55 million maturing in January 2007 to manage risks from fluctuations associated with a U.S. dollar denominated mortgage in the amount of US$37.3 million. The Company accounts for the swap contract as a hedge. Accordingly, the carrying value of the swap contract is not adjusted to reflect its current market value. Amounts received or paid arising in changes in swap contract is recognized as an adjustment to interest expense on an accrual basis over the term of the debt being hedged. Premiums paid to arrange the swap contract are included in interest expense over the term of the contract.

(c) Credit risk – The Company's business includes direct investments in commercial real estate and real estate-based lending activities. Credit risk arises from the possibility that borrowers may default on their obligations to the Company or, with respect to the underlying real estate properties that secure these obligations, that tenants may experience financial difficulty and be unable to fulfill their lease commitments. The Company mitigates the risk of credit loss by limiting its exposure to any one group or borrower within prescribed limits and by ensuring that adequate security has been provided in support of loans.

(d) Market risk – Investment returns are subject to a variety of risk factors both specific to individual investments and arising from general economic conditions.

(e) Fair values – Fair values of assets and liabilities approximate amounts at which these items could be exchanged in a transaction between knowledgeable parties. The calculation of estimated fair value is based on market conditions at a specific point in time and in the respective geographic locations and amount and timing of future cash flows and may not be reflective of future fair values. Changes in interest rates and investment risk are the primary causes of changes in the fair value of the Company's financial instruments.

Cash and cash equivalents and securities have an aggregate fair value that approximates their carrying values at December 31, 1999 due to their short-term nature.

Fair values of loans receivable are determined by the Company by discounting the expected future cash flows of these loans at market rates for loans with similar terms and investment risks. At December 31, 1999, the fair value of loans receivable is estimated to exceed net book value by $19 million which relates to general provisions carried by the Company. Changes in the interest rate environment and investment risk in one or more of the markets in which the underlying loan security is located may result in significant changes in fair values.

Mortgages and other borrowings fair values are determined by reference to current market prices for debt with similar terms and risks. At December 31, 1999, the fair value of mortgages and other borrowings is below the carrying value of these obligations by $31.7 million. The difference between fair value and carrying value relates to changes in the general level of interest rates that have occurred since the debt was placed or assumed.

The cross currency swap contract fair value at December 31, 1999 exceeded its carrying value by $1.4 million.

13. Commitments and Contingencies

The Company extended certain warranties in connection with the sale of former Canadian and international operating companies, including warranties against certain ordinary course legal proceedings outstanding at the dates of sale. The Company is involved in various legal actions, the outcome of which is indeterminable. In management's opinion, the consolidated financial statements include adequate provisions for warranties and litigation, based on information available at this time.

See Notes 2 and 4 for other commitments under the Company's real estate investment activities and loans receivable.

14. Year 2000

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

15. Subsequent Event

On February 17, 2000, the Company completed the repurchase of 3,789,619 common shares at a price of $15 per share through a substantial issuer bid initiated on January 17, 2000.

Effective February 16, 2000, as a result of the conversion of 3,500,000 common shares to non-voting equity shares, there were 5,891,298 non-voting equity shares issued and outstanding.

Directors and Officers

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Neil R. Wood
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Toronto Stock Exchange Ticker Symbols

Common Shares – GTA
Preferred Shares:
Series G – GTA.PR.G
Series J – GTA.PR.J
Series M – GTA.PR.M

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Investor Relations

Investor Relations inquiries should be directed to the Investor Relations Department at 416-359-8593.
Copies of the Interim Statements and Annual Reports can be obtained from the Investor Relations Department or the Company's Web site at www.gentrainc.com

Annual Meeting

The Annual Meeting of the Shareholders of the Company will be held at The Toronto Stock Exchange Conference Centre Auditorium, The Exchange Tower, 130 King Street West, Toronto, Ontario, on Friday, April 14, 2000 at 10:00 a.m.

Inquiries

Inquiries relating to shares, dividends or debentures should be directed to The CIBC Mellon Trust Company, or the Investor Relations Department at Gentra's Canadian office.
CIBC Mellon Trust Shareholder inquiry answer line:
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Photo on front cover:
The Exchange Tower

Photo below:
The Exchange Tower lobby

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